New York Cellular Geographic Service Area, Inc.
2000 Corporate Drive
Orangeburg, New York 10962-2624

JUN 09 1993

Ms. Donna R. Searcy, Secretary
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

Re: Call Sign KNKA203, Market No. 025B, Buffalo, New York MSA

Dear Ms. Searcy:

New York Cellular Geographic Service Area, Inc., ("NYCGSA"), hereby submits an original hardcopy and three microfiche copies of FCC Form 489. This notification is to inform the Commission that NYCGSA has constructed an additional base station transmitter at 687 Sheridan Drive, Tonawanda, New York. The Tonawanda transmitter is available for operation and will fill in a portion of the licensee's service area.

Additional details ralated to this filing are set forth in associated exhibits to this FCC Form 489.

A check in the amount of $60.00 is attached in payment of the statutory filing fee pursuant to Section 1.1107(a) of the Commission's Rules. All inquiries pertaining to the enclosed filing should be directed to Ms. Alice Elder at (914) 365-7505.

Sincerely,

Peter Lojko
Assistant Vice President
New York Cellular Geographic Service Area, Inc.

FCC 489 FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

Approved by OMB 3060-0318 Expires 04/30/93

Est. Avg. Burden Hrs. Per Response: 3.62 Hrs.

FCC USE ONLY

NOTIFICATION OF STATUS OF FACILITIES UNDER PART 22 OF FCC RULES

Read Instructions Before Completing Form

All applicants must complete Items 1 through 7 and Certification.

1. Legal Name of Applicant: New York Cellular Geographic Service Area, Inc.

Call Sign or Other FCC Identifier: KNKA203

Assumed Name Used for Doing Business (if any)

Mailing Street Address or P.O. Box, City, State and ZIP Code: 2000 Corporate Drive, Orangeburg, NY 10962-2624

Area Code - Telephone No.: (914) 365-7200

2. Fee Data. Refer to 47 CFR Section 1.1105 or Common Carrier Services Fee Filing Guide for information.

(a) Fee Type Code	(b) Fee Multiple (if required)	(c) Fee Due For Fee Type Code in 3(a)
CDC		$ 60.00

FCC Use Only

3. Name of Contact Representative (if other than applicant): Alice Elder

Firm or Company Name: NYNEX Mobile Communications Company

Mailing Street Address or P.O. Box, City, State and ZIP Code: 2000 Corporate Drive, Orangeburg, NY 10962-2624

Area Code - Telephone No.: (914) 365-7205

4. Call Sign: KNKA203

5. File No. of Authorization to which this application applies: N/A

6. Indicate frequency block, if cellular: ☐ Block A ☒ Block B

7. This form is to notify or request that: | Complete Item(s)

a. ☐ Facilities have been constructed exactly in accordance with the authorization 8

b. ☐ An extension of time to complete construction is being requested .... 9 & 10

c. ☐ Application is being submitted within 30 days after expiration of authorization, and reinstatement is requested .... 9, 10 & 11

d. ☒ Facilities have been constructed with minor modifications from those authorized 12

e. ☐ Minor modifications have been made to existing facilities (major modifications require the filing of FCC 401); or that changes have been made in the authorization covering ownership, citizenship, station control, business connections, and monopolistic practices 13-18

f. ☐ Assignor requests FCC records on facilities be returned to original status because partial assignment not completed within 60 days .... 1 - 7

g. ☐ Permanent authorization is being requested prior to the expiration of a developmental authorization ... Any applicable Item

8. Have the facilities constructed per the File No. in Item 5 been constructed exactly in accordance with the authorization?

☐ Yes ☐ No N/A

9. (a) Has equipment been delivered?

☐ Yes ☐ No N/A — If "NO", answer Items 9(b)-(d).

(b) From whom ordered? (If no order has been placed, so indicate).

(1) Date Ordered

(2) Date Delivery Promised

(c) Has installation commenced?

☐ Yes ☐ No — If "YES", submit as Exhibit ________ a description of the extent of installation and the date installation commenced.

(d) Estimated date by which construction can be completed

10. Submit as Exhibit N/A reason(s) why construction has not been completed (or other reasons) for reinstatement.

11. Is reinstatement being requested?

☐ Yes ☐ No — If "YES", give expiration date of authorization N/A

12. Are the representations contained in the granted application for authorization still true and correct?

☐ Yes ☒ No — If "NO", give particulars in Exhibit 1 and include in referenced exhibit applicable pages of FCC 401 and exhibits attached thereto showing changes from representations made in granted application for authorization.

All previous editions are obsolete

[illegible] or for modification of license indicate (X) proposed changes

A. [X] Addition of Transmitter on Same Frequency as Existing Transmitter
B. [ ] Change in Authorized Power
C. [ ] Change(s) of Control Point(s)
D. [ ] Change in Points of Communication
E. [ ] Change in Other Particulars

Changes are described in Exhibit 1. If for additional transmitter, Exhibit must state explicitly that reliable service area contour (RSAC) and interference contour (IC) of new transmitter are respectively contained entirely within RSAC and IC of previously authorized facilities. If modifications involve items shown in FCC 401, Exhibit shall include applicable pages of FCC 401, showing items modified.

14. Show the following for licensed transmitters which are being deleted N/A

(a) Location Number	(b) Transmitter Number

15. Is the station now operating?

[X] Yes [ ] No

16. Proposed Location of Transmitter If Changed From Authorization

(a) Current		(b) Proposed			
(1) Location No	(2) Transmitter No.	(3) Proposed Location (Street Address, City or Town, State)	(4) North Latitude (Deg-Min-Sec)	(5) West Longitude (Deg-Min-Sec)	FCC Use Only Loc. No.

17(a) Have there been any changes in the data furnished in the application for authorization covering ownership, citizenship, station control, business connections, and monopolistic practices?

[ ] Yes [X] No

(b) Have such changes been reported to the Commission?

[ ] Yes [ ] No If "NO", show changes in Exhibit N/A

18. If this application is for modification of license, show in Exhibit 2 why the proposed change(s) is (are) deemed necessary and the purpose it will serve

19. Has applicant been denied state certification for the facilities proposed in this application?

[ ] Yes [X] No If "YES", attach as Exhibit ______, a statement describing the state authority's action and any pending appeals, or whether the state appeal process has been exhausted. Attached copies of any state authority decisions

20. Certification

The applicant hereby waives any claim to the use of any particular frequency or of the electromagnetic spectrum as against the regulatory power of the United States because of the previous use of the same, whether by license or otherwise, and requests a station license in accordance with this application. All the answers on this application are a material part of the application.

The applicant represents that this application is not filed for the purpose of impeding, obstructing or delaying determination on any other application with which it may be in conflict.

All statements made in the attached exhibits are a material part hereof and are incorporated herein as if set out in full in this application. The undersigned, individually and for the applicant, hereby certifies that the statements made in this application are true, complete and correct to the best of his (her) knowledge and belief, and are made in good faith.

Date	Typed Name of Applicant (Must Correspond With Item 1)
JUN 09 1993	New York Cellular Geographic Service Area, Inc.

Signature

[illegible] President

Designate Appropriate Classification

[ ] Individual Applicant [ ] Member of Applicant Partnership [X] Officer of Applicant Corporation or Association

Willful False Statements Made on this Form are Punishable by Fine and Imprisonment (U.S. Code, Title 18, Section 1001) and/or Revocation of Any Station License or Construction Permit (U.S. Code, Title 47, Section 312(a)(1)), and/or Forfeiture (U.S. Code, Title 47, Section 503).

Schedule B

(Complete One Schedule B Per Antenna Location)

There are 1 Schedule B's with this application This is Schedule B number 1

27. Antenna Location Record. (For Temporary Fixed Stations, see Instruction 8(B))

a. Street Address, City, County, and State (If in area not designated by street, give distance and direction from, and name of nearest town)

687 SHERIDAN DRIVE
TONAWANDA ERIE
NY

b. North Latitude (Deg-Min-Sec)
42-59-43N

c. West Longitude (Deg-Min-Sec)
78 54 12W

28. Application Type (Mark "X" as many as applicable)

A [X] Radio Station Authorization

B [ ] Amendment of Pending Application (As indicated in item 2 on Schedule A)

C [X] Fill in

D [ ] Modification of Authorization

E [ ] Partial Assignment (A separate FCC 401 is to be filed by assignee and assignor)

File No ______ (Mark "X" One) [ ] Assignee [ ] Assignor

F [ ] Temporary Communications Authorization

29. Does the applicant request waiver of any requirements of FCC Rules? [ ] YES [X] NO
If "YES," attach Exhibit ______ specifying Rule(s) for which waiver is requested and demonstrating good cause for each waiver. (See Instruction No. 12)

30. Are there any other pending applications known to the applicant with which this application is believed to be mutually exclusive? [ ] YES [X] NO
If "YES," provide the following. If cellular, indicate frequency block, i.e., A or B, in item c.

a. File Number	b. Call Sign	c. Frequency (MHz)

31. Nature of Request. (Mark "X" as many as applicable.)

A. [ ] Change Frequency
B [ ] Add Frequency
C [ ] Delete Frequency
D [ ] Increase Power
E [ ] Increase Antenna Height
F [ ] Change Antenna Transmitter Location
G [ ] Change Control Point Location
H [X] Additional Antenna Location
I [ ] Change Antenna System
J [X] Other (specify) New site

Attach as Exhibit * a showing of specific details of changes. * See Table MOB-2 and MOB-3 and Exhibit 2

32. Would a grant of the application have a significant environmental effect per Rule Section 1.1307? [ ] YES [X] NO
If "YES," attach Exhibit ______ as the required environmental assesments per Rule Section 1.1308 and 1.1311

FCC Use Only
Antenna No.

33. Table MOB-2 ANTENNAS, RADIATION AND POINTS OF COMMUNICATION.

1. One Table MOB-2 is to be completed for each new or modified antenna system at each site, including the addition or modification of transmitters which will change power output from a transmitter, or effective radiated power or emissions.
2. Attach separate Table MOB-2 if authorization of more than one antenna system is requested.
3. Supplemental explanation of Certain Items
   - d. Direction of Maximum Gain. The maximum number of directions to be shown is 4. Specify bearings of directions of maximum gain in degrees from true north. If omnidirectional, specify "Omni."
   - e. Maximum Antenna Gain. Maximum power gain over reference half-wave dipole, in decibels.
   - h. Beam Width of Major Lobe of Antenna Pattern. Defined as the arc, in degrees, including only points on the polar diagram which are within 3 decibels (half power points) of the point of maximum gain. For omnidirectional antennas, the beam width is defined as 360 degrees.
   - j(2). Class of Station. Use the following codes:

Base Station	TS - Test	SB - Subscriber Station
Fixed Station	DI - Dispatch	RX - Relay Station
Control	SI - Signaling	IO - Inter-Office
	CO - Central Office	

Table MOB-2

There are [illegible] Table MOB-2's with this Schedule B. This is Table MOB-2 number 1 of Schedule B number 1

a. Antenna: [X] [illegible]

b. Make of Antenna: ANTEL

c. Type No. of Antenna: BCR800[illegible]

d. Direction of Maximum Gain: 27[illegible]

e. Maximum Antenna Gain: 12.00 Decibels

f. Maximum Effective Radiated Power: 100.00 Watts

g. Height of Antenna Tip Above Ground Level: [illegible] Feet

h. Beam Width of Major Lobe of Antenna Pattern: 27[illegible] Degrees

i. Polarization (Mark "X" One): 1 [X] Vertical 2 [ ] Horizontal 3 [ ] Circular 4 [ ] Elliptical

j. Transmitters
(Same line numbers apply to same transmitters)

FCC Use Only Transmitter No.	(1) Frequency MHz	(2) Class of Station (Enter Code)	(3) Emission Designator	(4) Transmitter Output Power Watts
	[illegible] 895	BS	40K0F1D, 40K0F3E	9[illegible]
	see Exhibit 3			

Transmitters, continued

(5) Points of Communication	(6) Azimuth of Radio Path Degrees From True North	(7) Length of Radio Path (Miles)
ALL LICENSED PORTABLES AND MOBILES	N/A	N/A

Applicant's Name

EXHIBIT NO 1
PAGE 3 OF 5

New York Cellular Geographic Service Area, ~~Inc.~~

For Use ... Only
File No.

3. Has the applicant obtained reasonable assurance that it can use the proposed site?

[X] Yes [ ] No

4. Antenna Structure Statement

(a) ... Mark "X" One

[ ] New structure [XX] Existing structure Height Not Increased

[ ] ... Structure Height Increased

(b) Overall Height of Antenna ...

Height should ... other appurtenances ...

Above Ground Level | ... Elevation | ... Mean Sea Level
...610

(c) Will ... transmitting antenna be supported by the antenna structure of any other radio station?

[X] Yes [ ] No If "YES" give Call Sign WNJL 858

(d) Distance from transmitting antenna structure ... runway of nearest aircraft landing area. Miles

9 miles

... Is the antenna mounted on an existing structure or building which currently bears lighting and markings prescribed ...

[ ] ... [X] No If "YES" give FCC Antenna Tower No. or FAA Aeronautical Study No. ...

... FAA ... notified?

[X] Yes [ ] No If "YES" answer items ...

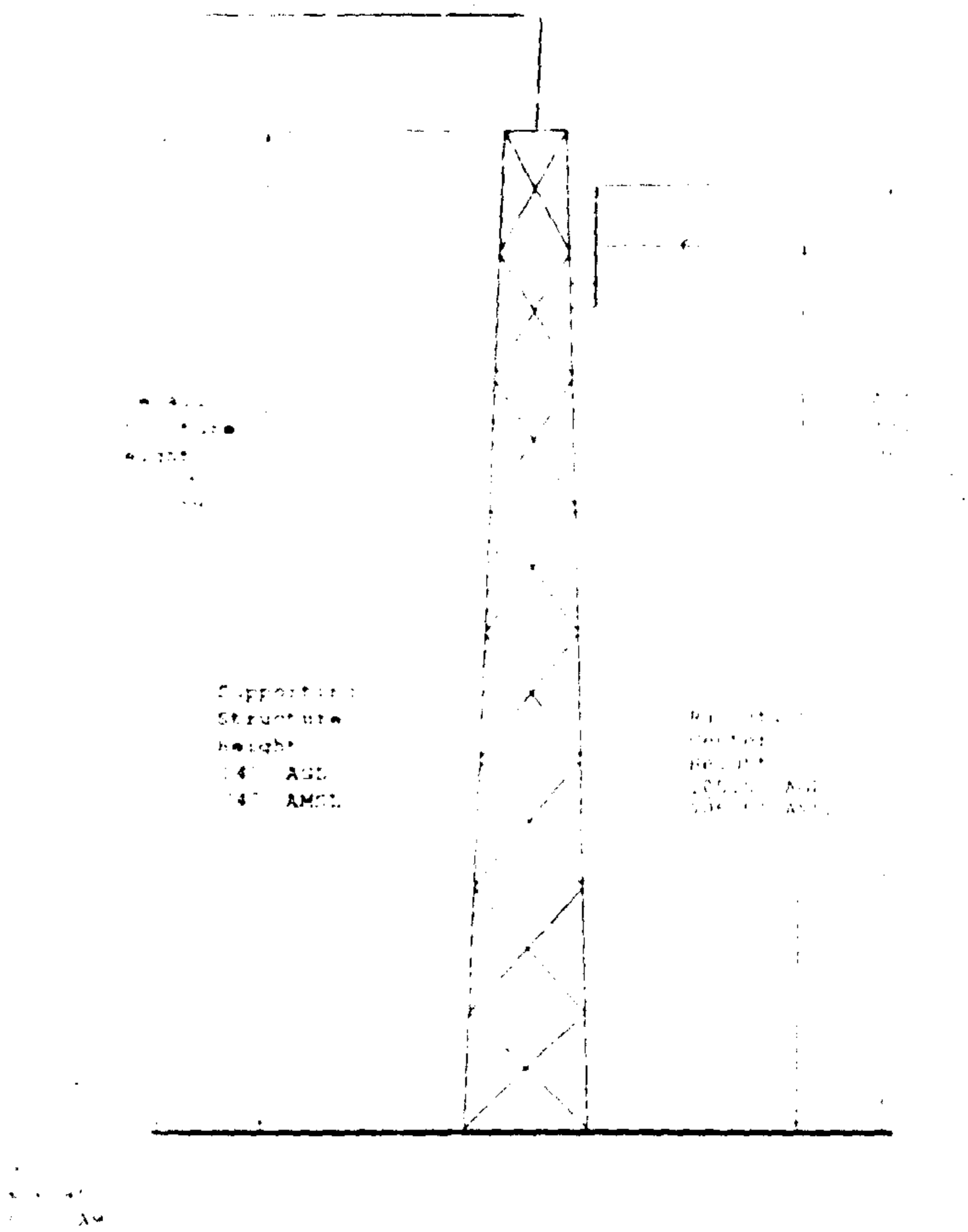
1. Date Filed (Month Day Year)
3/11/93

2. Name Under Which Filed
NYNEX MOBILE COMMUNICATIONS COMPANY

3. Regional Office Where Filed (City, State)
JAMAICA, NY

... Hazards: List any natural formation or existing man-made structure (hills, trees, water tanks, towers, etc.) ... shield the antenna structure from aircraft and thereby minimize the aeronautical hazard of the antenna structure.

... in the space below draw a vertical profile sketch.
DO NOT attach a separate Exhibit. Use only the space provided below.



NOTE: N... scale
NOTE: ...er existing antennas may not be shown
NOTE: A... eights in Feet.

37. Table MOB-3 HEIGHT AND POWER ENGINEERING DATA

1. One Table MOB-3 must be completed for each antenna. DO NOT SUBSTITUTE A SEPARATE EXHIBIT FOR THIS TABLE.

2. All distances specified in feet in this Table are to be rounded to the nearest whole number.

3. Supplementary engineering information may be included in an Exhibit ____

Table MOB-3

There are 1 Table MOB-3's with this Schedule B. This is Table MOB-3 number 1 of Schedule B number 1

List here the frequencies which have identified Column (c) and Column (d) values	(a) Radial Bearing (Degrees From True North)	(b) Average Elevation Along Radial (2-10 mi.) Above Mean Sea Level (Feet)	(c) Height of Antenna Radiation Center Above Average Elevation of Radial (2-10 mi.) (Feet)	(d) Effective Radiated Power in Radial Direction (Watts)	(e) Distance to Reliable Service Area Contour (Miles)
1.	0	595	111	70.1	10.72
2.	45	561	145	1.0	5.69
3.	90	621	85	1.0	5.04
4.	135	630	68	1.0	5.01
5.	180	575	131	71.4	11.39
6.	225	594	112	76.8	10.92
7.	270	577	129	25.2	9.49
8.	315	534	172	74.0	12.57
	•				
	•				
	•				

(f) Average Terrain Elevation (Feet) 587

(g) Antenna Radiation Center Height Above Average Terrain (Feet) 120

*Show radials and associated data in direction of each co-channel station as prescribed by Rule Section 22.115(a). If more space is needed for additional radials, attach as Exhibit N/A.

(h) If the values in Table MOB-3, column (b) above have been computer generated, identify the file (data base) used to obtain the values.

USGS NCIC DEFENSE MAPPING AGENCY

(i) Is antenna omnidirectional and mounted at the top of the antenna structure? ☐ Yes ☒ No
If "NO," attach as Exhibit A a directional antenna pattern (polar diagram) showing power distribution (expressed in decibels of power gain over a reference half-wave dipole antenna) of signal radiated in the horizontal plane, as well as any engineering drawings required by Section 22.15(j)(4) of FCC Rules and Regulations.

(j) Are there any co-channel facilities within the mileage standards specified in Section 22.15(b)(1) of FCC Rules and Regulations? N/A ☐ Yes ☐ No
If "YES," attach as Exhibit ____ interference studies required by Rule Section 22.15(b)(2).

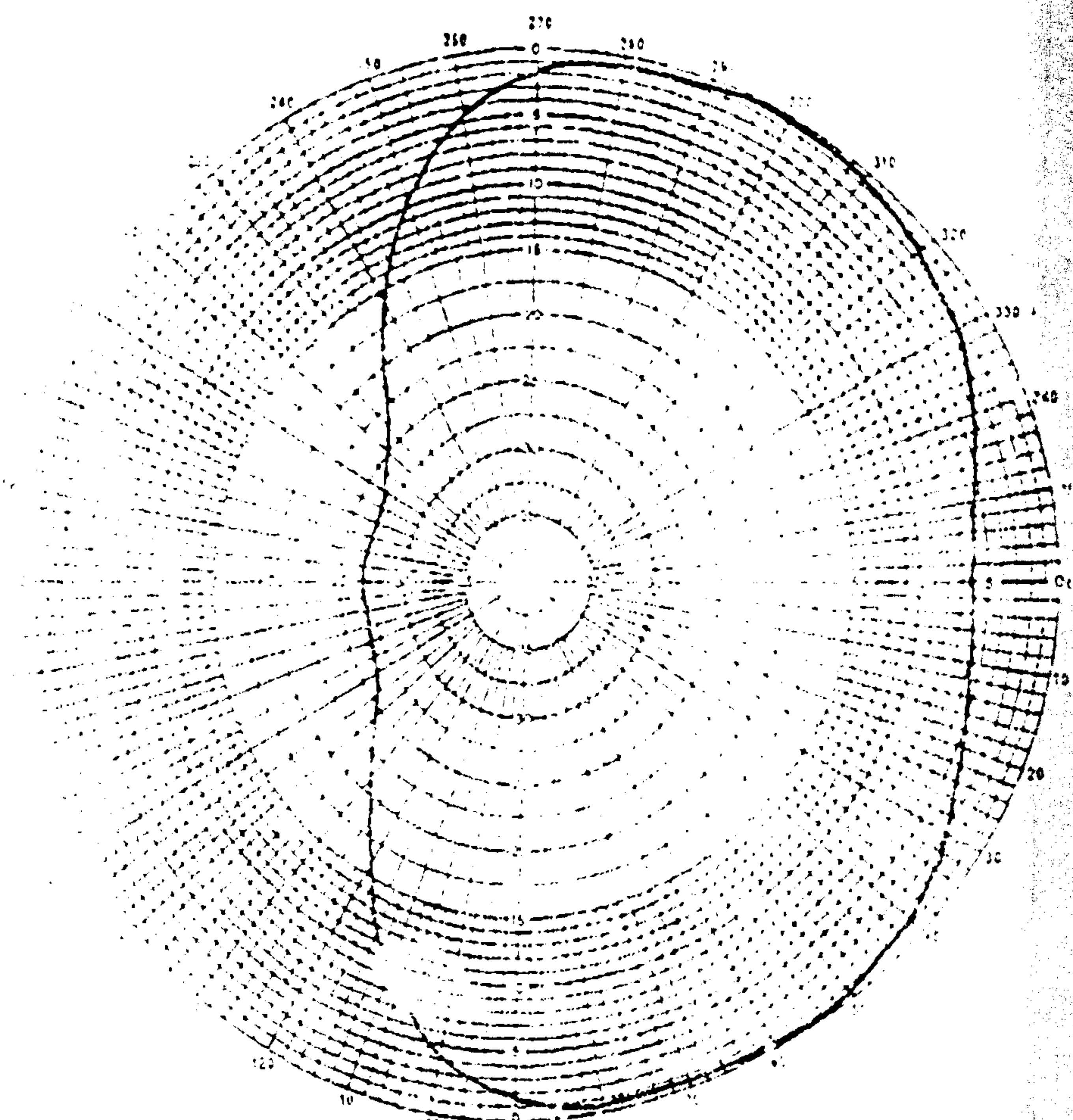
38. Table MOB-4 LOCATIONS OF FIXED ANTENNAS REGULARLY RECEIVING SIGNALS OF THE STATION
(All frequencies associated with each fixed antenna are to be grouped together. List each location once.)

(a) Location (City or Town, County and State)	(b) Latitude (Deg Min Sec)	(c) Longitude (Deg Min Sec)	(d) Call Sign	(e) Frequency (MHz)
n/a				

FCC Form 489
Exhibit A

ALLGON

STRÅLNINGSDIAGRAM
RADIATION—PATTERN



FCC Form ...
Exhibit B

US Department of Transportation
Federal Aviation Administration

NAD 83

Fitzgerald Federal Building
John F. Kennedy
International Airport
Jamaica, New York 11430

ACKNOWLEDGEMENT OF NOTICE OF PROPOSED CONSTRUCTION OR ALTERATION

CITY	STATE	LATITUDE/LONGITUDE		MSL	AGL	AMSL
TONAWANDA	NY	42-58-43.20	078-54-01.13	600	150	750

NYNEX MOBILE COMMUNICATIONS CO.
ROBERT M. KELLY
600 UNICORN DRIVE
WOBURN, MA 01801

AERONAUTICAL STUDY
No: 93-AEA-0518-OE

Type Structure: ANTENNA TOWER   SIDE MOUNT AT 100 AGL

The Federal Aviation Administration hereby acknowledges receipt of notice dated 03/10/93 concerning the proposed construction or alteration contained herein.

A study has been conducted under the provisions of Part 77 of the Federal Aviation Regulations to determine whether the proposed construction would be an obstruction to air navigation, whether it should be marked and lighted to enhance safety in air navigation, and whether supplemental notice of start and completion of construction is required to permit timely charting and notification to airmen. The findings of that study are as follows:

The proposed construction would not exceed FAA obstruction standards and would not be a hazard to air navigation.

Obstruction marking and lighting are not necessary.

This determination expires on 10/19/93 unless application is made, (if subject to the licensing authority of the Federal Communications Commission), to the FCC before that date, or it is otherwise extended, revised or terminated.

If the structure is subject to the licensing authority of the FCC, a copy of this acknowledgement will be sent to that Agency.

NOTICE IS REQUIRED ANYTIME THE PROJECT IS ABANDONED OR THE PROPOSAL IS MODIFIED

SIGNED Robert P. Alexander Specialist, Systems Management Branch
Robert P. Alexander   (718)553-1230/1228
ISSUED IN: Jamaica, New York   ON 04/19/93

Applicant's Certification and Public Interest Statement

New York Cellular Geographic Service Area, Inc., ("NYCGSA"), is filing this FCC Form 489 to notify the Commission that it has placed its transmitter located at 687 Sheridan Drive, Tonawanda, New York into operation to fill in a portion of NYCGSA's cellular geographic service area.

NYCGSA will be using an Antel, BCR80010.N270 cell enhancer to provide dominant signal within the Buffalo MSA and to eliminate NYCGSA's customer roam on the Canadian system. This site will improve cellular service along the New York/Ontario border within the Buffalo cellular geographic service area

NYCGSA certifies that the 32 dBu contour of the Buffalo transmitter is contained within a previously approved 32 dBu contour extension. NYCGSA further certifies that it has met all FAA requirements and has completed the necessary interference coordination. The engineering data contained herein is provided according to Public Notice Report No. CL-75, dated June 6, 1984

FCC Form 489
Exhibit No. 3

BORDER PROTECTOR II

	CHANNEL	FREQUENCY	CHANNEL	FREQUENCY	CHANNEL	FREQUENCY
	ALPHA		BETA		GAMMA	
Set Up:	345	880.350				

NMK

FCC Form 489
Exhibit No. 4

Pursuant to CC Docket 88-411, released December 30, 1991, New York Cellular Geographic Service Area, Inc. hereby notifies the Commission that the equipment installed at this location is a type-accepted cellular repeater.

UPSTATE PARTNERS
FCC Form 490
Exhibit 3
Nature and Structure of
<u>Transaction and Partnership</u>

Through this transaction, Rochester Telephone Corporation ("RTC"), and certain affiliated entities, and NYNEX Corporation ("NYNEX"), and certain affiliated entities including New York Cellular Geographic Service Area, Inc. ("NYCGSA"), will effectively contribute the interests that they own in several upstate New York cellular properties and the paging operations in Rochester, New York to a joint venture that will ultimately be controlled fifty percent (50%) by NYNEX and fifty percent (50%) by RTC.

A. **<u>Properties Affected</u>**

The markets and licenses that are the subject of this transaction are as follows:

(1) <u>Rochester MSA</u>. Rochester Telephone Mobile Communications ("RTMC") is the wireline licensee in the Rochester MSA. RTC owns an eighty-five percent (85%) partnership interest in RTMC. As part of this transaction, RTC will transfer its interest in RTMC to RTMC Holding, Inc. ("RTMC" Holding"), an indirect, wholly-owned subsidiary.

(2) <u>Rochester Paging</u>. Rochester Holding Corporation ("RHC"), a direct subsidiary of RTC, is the licensee for the paging operations on stations KEK284, KEK303, KEK269 and KGI786, which serves the Rochester metropolitan area. RHC has previously applied to effect a pro forma assignment of these licenses to PAGECO, Inc. ("PAGECO"), an indirect, wholly-owned subsidiary of RTC.

(3) <u>Buffalo MSA</u>. NYCGSA is the wireline licensee in the Buffalo MSA.

(4) Syracuse MSA. Syracuse SMSA Limited Partnership ("Syracuse LP") is the wireline licensee in the Syracuse MSA. NYCGSA owns a fifty-five percent (55%) partnership interest in Syracuse LP.

(5) New York RSA 1. St. Lawrence Seaway RSA Cellular Partnership ("St. Lawrence") is the wireline licensee in New York RSA 1. NYCGSA owns a forty percent (40%) partnership interest in St. Lawrence.

(6) Utica-Rome MSA. Utica-Rome Cellular Partnership ("URCP") is the wireline licensee in the Utica/Rome MSA. NYCGSA owns a thirty percent (30%) partnership interest in URCP. Currently, New York Independent Cellular Systems ("NYICS") owns a fifteen percent (15%) partnership interest in URCP. Herkimer and Oneida County Cellular Partnership ("HOCP") owns the remaining fifty-five (55%) partnership interest in URCP. HOCP, in turn, is owned in equal parts by Vernon Cellular Inc. ("Vernon"), Oneida County Cellular Inc. ("Oneida") and Phoncom Inc. ("Phoncom").

Rochester Tel Telecommunications Holding Corporation ("RTTHC") has entered into agreements to acquire NYICS, Vernon, Oneida and Phoncom. After the consummation of these transactions, RTTHC will control, through NYICS and HOCP, a seventy percent (70%) partnership interest in URCP.

B. Formation of the Joint Venture

RTMC Holding and PAGECO (the "Rochester Partners"), URCP and NYCGSA will form Upstate Partnership. The Rochester Partners will, collectively, own a forty-two percent (42%) partnership interest in Upstate, NYCGSA will own a forty-six percent (46%) partnership interest in Upstate and URCP will own a twelve percent (12%) partnership interest in Upstate. The Rochester Partners, NYCGSA and URCP will contribute assets or partnership interests to Upstate as follows:

RTMC Holding will contribute its eighty-five percent (85%) interest in RTMC to Upstate. The Rochester paging assets will be contributed to Upstate by PAGECO. URCP will contribute the assets of the Utica/Rome cellular operation to Upstate. NYCGSA will contribute the assets of the Buffalo cellular operation, its forty percent (40%) partnership interest in St. Lawrence and its fifty-five percent (55%) partnership interest in Syracuse LP to Upstate.

C. Licensees and Control of Licensees

After consummation of the transactions described above, the following entities will be, or will continue to be, the licensees of the following operations:

(1) Rochester MSA	RTMC
(2) Buffalo MSA	Upstate
(3) Syracuse MSA	Syracuse
(4) Utica/Rome MSA	Upstate
(5) New York RSA 1	St. Lawrence
(6) Rochester Paging	Upstate

Upstate will control RTMC, Syracuse SMSA Limited Partnership and St. Lawrence Seaway RSA Cellular Partnership.

D. Trade Name

Upstate will operate under the trade name, MobiLink, a trade name jointly shared among a number of wireline carriers in the United States and Canada.

E. Owners of Upstate

The following are the names and addresses of the prospective partners in Upstate Partners, together with their respective partnership interests:

(1) New York Cellular Geographic Service Area, Inc.
2000 Corporate Drive
Orangeburg, NY 10962

NYCGSA is an indirect, wholly-owned subsidiary of NYNEX Corporation.

(2) RTMC Holding, Inc.
2060 Brighton-Henrietta Town Line Road
Rochester, NY 14623

RTMC Holding is an indirect, wholly-owned subsidiary of Rochester, Telephone Corporation

(3) PAGECO, Inc.
2060 Brighton-Henrietta Town Line Road
Rochester Telephone Corporation

PAGECO is an indirect, wholly-owned subsidiary of Rochester Telephone Corporation.

(4) Utica-Rome Cellular Partnership
c/o Oneida County Rural Telephone Company
Main Street
Holland Patent, NY 13354

After consummation of the transaction described in part A(6) above, PTTHC will control seventy percent (70%) of the partnership interests in URCP. NYCGSA will continue to own the remaining thirty percent (30%) partnership interest.

F. Commission Approvals

This transaction will require approval of several assignments or transfers of control, all of which are being transmitted simultaneously herewith.

Upstate Partners

FCC Form 490

Exhibit 4

Public Interest Statement

New York Cellular Geographic Service Area, Inc. ("NYCGSA"), the assignor, submits the following information in accordance with 47 CFR Sections 22.13(a)(4). With this exhibit, NYCGSA demonstrates that the assignment of license requested by this application is consistent with the public interest and that NYCGSA did not file its application for the Buffalo, New York MSA for the purpose of speculation. By this transaction, subject to prior Commission consent, NYCGSA shall assign its cellular radio license for the Buffalo, New York MSA to the Upstate Partnership ("Upstate").

Upstate is being formed under the laws of the State of New York. It's comprised of RTMC Holding, Inc., the managing partner with a 42% interest; NYCGSA, the general partner with a 46% interest; and Utica-Rome Cellular Partnership, a general partner with a 12% interest. Upstate shall be controlled 50% by RTMC Holding, Inc. and 50% by NYCGSA. All parties have been deemed legally, technically and financially qualified to own and operate stations in the point-to-point microwave service. The proposed assignment of the Buffalo, New York licenses is consistent with the objectives of NYCGSA and Upstate to ensure the continued provision of quality cellular service to the Buffalo MSA. Through its partnership interest, NYCGSA will maintain a direct involvement with the Buffalo, New York cellular service area.

The formation of Upstate and its operation of the properties that are the subjects of this transaction will yield significant public interest benefits. The alignment of the Buffalo system with the Rochester, Syracuse, Utica-Rome and New York RSA 1 cellular properties and the Rochester paging operations under common ownership will enable Upstate to develop and take advantage of the economies of scale and scope that will exist from integrating the management and operation of these systems. Upstate will be able to operate these properties more effectively and efficiently, thereby enabling it to offer innovative and economical cellular and paging services to the public in upstate New York. Moreover, the formation of Upstate will enable it to bring the combined resources and expertise of Rochester and NYNEX to the provision of cellular and paging services to the public.

Upstate Partners

FCC Form 490

Exhibit 5

FCC Form 430

Attached is Form FCC 430 for Upstate Partners

FCC 430

FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

Approved by OMB
3060-0105
Expires 3/31/93

LICENSEE QUALIFICATION REPORT

See reverse side for information regarding public burden estimate

INSTRUCTIONS

A. The "Filer" of the report is defined to include: (1) An applicant, where this report is submitted in connection with applications for common carrier and satellite radio authority as required for such applications; or (2) A licensee or permittee, where this report is required by the Commission's Rules to be submitted on an annual basis.

B. Submit an original and one copy (sign original only) to the Federal Communications Commission, Washington, DC 20554. If more than one radio service is listed in Item 6, submit an additional copy for each such additional service. If the report is being submitted in connection with an application for radio authority, attach it to that application.

C. Do not submit a fee with the report.

1. Business Name and Address (Number, Street, State and ZIP Code) of Filer's Principal Office UPSTATE PARTNERS 2060 Brighton-Henrietta Town Line Road Rochester, NY 14623	2. (Area Code) Telephone Number. (716) 274-7000 3. If this report supercedes a previously filed report, specify its date: N/A
4. Filer is (check one): ☐ Individual ☒ Partnership ☐ Corporation ☐ Other (Specify):	5. Under the laws of what State (or other jurisdiction) is the Filer organized? New York

6. List the common carrier and satellite radio services in which Filer has applied or is a current licensee or permittee:

N/A

7(a) Has the Filer or any party to this application had any FCC station license or permit revoked or had any application for permit, license or renewal denied by this Commission? *If "YES", attach as Exhibit I a statement giving call sign and file number of license or permit revoked and relating circumstances.* ☐ Yes ☒ No

(b) Has any court finally adjudged the Filer, or any person directly or indirectly controlling the Filer, guilty of unlawfully monopolizing or attempting unlawfully to monopolize radio communication, directly or indirectly, through control of manufacture or sale of radio apparatus, exclusive traffic arrangement, or other means of unfair methods of competition? *If "YES", attach as Exhibit II a statement relating the facts.* ☐ Yes ☒ No

(c) Has the Filer, or any party to this application, or any person directly or indirectly controlling the Filer ever been convicted of a felony by any state or Federal Court? *If "YES", attach as Exhibit III a statement relating the facts.* ☐ Yes ☒ No

(d) Is the Filer, or any person directly or indirectly controlling the Filer, presently a party in any matter referred to Items 7(b) and 7(c)? *If "YES", attach as Exhibit IV a statement relating the facts.* ☐ Yes ☒ No

8. Is the Filer, directly or indirectly, through stock ownership, contract or otherwise, currently interested in the ownership or control of any other radio stations licensed by this Commission? *If "YES", submit as Exhibit V the name of each such licensee and the licensee's relation to the Filer.* ☐ Yes ☒ No

If Filer is an individual (sole proprietorship) or partnership, answer the following and Item 11:

9(a) Full Legal Name and Residential Address (Number, Street, State and ZIP Code) of Individual or Partners: See Exhibit X	(b) Is individual or each member of a partnership a citizen of the United States? ☒ Yes ☐ No (c) Is individual or any member of a partnership a representative of an alien or of a foreign government? ☐ Yes ☒ No

If Filer is a corporation, answer the following and Item 11:

10(a) Attach as Exhibit VI the names, addresses, and citizenship of those stockholders owning of record and/or voting 10 percent or more of the Filer's voting stock and the percentages so held. In the case of fiduciary control, indicate the beneficiary(ies) or class of beneficiaries.

(b) List below, or attach as Exhibit VII, the names and addresses of the officers and directors of the Filer.

(c) Is the Filer directly or indirectly controlled by any other corporation? ☐ Yes ☐ No

If "YES", attach as Exhibit VIII a statement (including organizational diagrams where appropriate) which fully and completely identifies the nature and extent of control. Include the following: (1) the address and primary business of the controlling corporation and any intermediate subsidiaries; (2) the names, addresses, and citizenship of those stockholders holding 10 percent or more of the controlling corporation's voting stock; (3) the approximate percentage of total voting stock held by each such stockholder; and (4) the names and addresses of the president and directors of the controlling corporation.

(d) Is any officer or director of the Filer an alien? ☐ Yes ☐ No

(e) Is more than one-fifth of the capital stock of the Filer owned of record or voted by aliens or their representatives, or by a foreign government or representative(s) thereof, or by a corporation organized under the laws of a foreign country? ☐ Yes ☐ No

(f) Is the Filer directly or indirectly controlled: (1) by any other corporation of which any officer or more than one-fourth of the directors are aliens, or (2) by any foreign corporation or corporation of which more than one-fourth of the capital stock is owned or voted by aliens or their representatives, or by a foreign government or representatives thereof. ☐ Yes ☐ No

(g) If any answer to questions (d), (e) or (f) is "YES", attach as Exhibit IX a statement identifying the aliens or foreign entities, their nationality, their relationship to the Filer, and the percentage of stock they own or vote.

11. CERTIFICATION

This report constitutes a material part of any application which cross-references it, and all statements made in the attached exhibits are a material part thereof. The ownership information contained in this report does not constitute an application for, or Commission approval of, any transfer of control or assignment of radio facilities. The undersigned, individually and for the Filer, hereby certifies that the statements made herein are true, complete and correct to the best of Filer's knowledge and belief, and are made in good faith.

WILLFUL FALSE STATEMENTS MADE ON THIS APPLICATION ARE PUNISHABLE BY FINE AND IMPRISONMENT (U.S. Code, Title 18, Section 1001) and/or REVOCATION OF ANY STATION LICENSE OR CONSTRUCTION PERMIT (U.S. Code, Title 47, Section 312(a)(1))	Date JUL 6, 19[illegible]	Filer (Must correspond with that above in item 1) Upstate Partners	Typed or Printed Name Robert A. Lewis
	Signature [illegible]		Title For Upstate Partners

NOTICE TO INDIVIDUALS REQUIRED BY THE PRIVACY ACT OF 1974 AND THE PAPERWORK REDUCTION ACT OF 1980

The solicitation of personal information requested in this form is to determine if you are qualified to become or remain a licensee in a common carrier or satellite radio service pursuant to the Communications Act of 1934, as amended. No authorization can be granted unless all information requested is provided. Your response is required to obtain the requested authorization or retain an authorization.

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden to Federal Communications Commission, Office of Managing Director, Washington, DC 20554, and to Office of Management and Budget, Paperwork Reduction Project (3060-0105), Washington, DC 20503.

Upstate Partners

FCC Form 430

Exhibit X

Name of Partners

The following are the names and addresses of the entities that will be partners in Upstate Partners (upon its formation), together with their respective partnership interests:

(1) New York Cellular Geographic Service Area, Inc. ("NYCGSA")
2000 Corporate Drive
Orangeburg, NY 10962

NYCGSA is an indirect, wholly-owned subsidiary of NYNEX Corporation, a Delaware corporation. NYCGSA will hold a forty-six and four-tenths percent (46.4%) partnership interest in Upstate.

(2) RTMC Holding, Inc. ("RTMC Holding")
2060 Brighton-Henrietta Town Line Road
Rochester, NY 14623

RTMC Holding is an indirect, wholly-owned subsidiary of Rochester Telephone Corporation. RTMC Holding will hold a forty percent (40%) partnership interest in Upstate.

(3) PAGECO, Inc. ("PAGECO")
2060 Brighton-Henrietta Town Line Road
Rochester, NY 14523

PAGECO is an indirect, wholly-owned subsidiary of Rochester Telephone Corporation. PAGECO will hold a one and six-tenths percent (1.6%) partnership interest in Upstate.

(4) Utica-Rome Cellular Partnership ("URCP")
c/o Oneida County Rural Telephone Company
Main Street
Holland Patent, NY 13354

After consummation of the transaction described in Exhibit 3, part A(6) to FCC Form 490, of which this FCC Form 430 is Exhibit 5, NYCGSA will continue to own its thirty percent (30%) partnership interest in URCP and, Rochester Tel Telecommunications Holding Corp. ("RTTHC"), an indirect, wholly-owned subsidiary of Rochester Telephone Corporation, will control 70% of the partnership interests in URCP. URCP, in turn, will own a twelve percent (12%) partnership interest in Upstate.

Upstate Partners

FCC Form 490

Exhibit 6

Financial Qualifications

Upstate Partners ("Upstate") intends to rely primarily upon funds from the operations of the Buffalo, Rochester, Syracuse, Utica-Rome and New York RSA 1 cellular properties and the Rochester paging operations and contributions from the partners -- set forth on Exhibit 3 to this application -- to finance the consolidation and to meet the first year operating costs of the systems. The combined operating expenses, in 1992, of the properties that Upstate will control were approximately $36.8 million ad operating revenues were $38.8 million.

Because these operations will now be jointly owned and operated, there is no purchase price associated with this transaction. The costs of the consolidation are limited to transactional costs of approximately $100,000, which will be paid in currently available funds by Rochester Telephone Corporation ("RTC") and NYNEX Corporation ("NYNEX"). These funds have been earmarked for this purpose and are not available for other cellular or paging properties.

Report of Management

The integrity and objectivity of the financial information presented in this annual report is the responsibility of the management of Rochester Telephone Corporation.

The financial statements report on management's accountability for corporate operations and assets. To this end management maintains a highly developed system of internal controls and procedures designed to provide reasonable assurance that the company's assets are protected and that all transactions are accounted for in conformity with generally accepted accounting principles. The system includes documented policies and guidelines, augmented by a comprehensive program of internal and independent audits conducted to monitor overall accuracy of financial information and compliance with established procedures.

Price Waterhouse, independent accountants, provides an objective assessment of the degree to which management meets its responsibility for financial reporting. They regularly evaluate the system of internal accounting controls and perform such tests and other procedures they consider necessary to express an opinion that the financial statements present fairly the financial position of the company.

The Board of Directors meets its responsibility for the company's financial statements through its Audit Committee which is comprised exclusively of directors who are not officers or employees of the corporation. The Audit Committee recommends to the Board of Directors the independent auditors for election by the share owners. The committee also meets regularly with management and the independent and internal auditors to review accounting, auditing, internal accounting controls, pending litigation, and financial reporting matters. As a matter of policy, the internal auditors and the independent auditors periodically meet alone with the Audit Committee and have access to the Audit Committee.

Ronald L. Bittner

Ronald L. Bittner
President and Chief Executive Officer

Louis L. Massaro

Louis L. Massaro
Corporate Vice President Finance and Treasurer

Report of Independent Accountants

To the Share Owners of
Rochester Telephone Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, share owners' equity and cash flows present fairly, in all material respects, the financial position of Rochester Telephone Corporation and its subsidiaries at December 31, 1992, 1991 and 1990, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Price Waterhouse

January 18, 1993
1900 Lincoln First Tower
Rochester, New York 14604

Business Segment Information

In thousands of dollars Years ended December 31,	1992	1991	1990
TELEPHONE OPERATIONS			
Revenues			
Local service	**$ 214,181**	$ 184,872	$ 155,004
Network access service	**203,768**	166,903	127,020
Long distance network service	**29,210**	34,999	38,960
Directory advertising, billing services and other	**123,112**	115,166	99,792
Less: Uncollectibles	**2,999**	4,343	3,256
Total Revenues	**$ 567,272**	$ 497,597	$ 417,520
Operating Income	**$ 152,032**	$ 131,741	$ 109,703
Depreciation	**$ 100,692**	$ 86,467	$ 72,588
Construction Expenditures	**$ 114,930**	$ 101,232	$ 93,816
Identifiable Assets (1)	**$1,416,830**	$1,384,875	$1,102,089
TELECOMMUNICATION SERVICES			
Sales			
Network Services and Systems:			
Non-Affiliate	**$ 215,633**	$ 198,616	$ 181,791
Affiliate	**1,511**	9,620	7,287
Wireless Communications	**21,113**	17,038	13,048
Eliminations	**(1,480)**	(9,312)	(6,652)
Total Sales	**$ 236,777**	$ 215,962	$ 195,474
Operating Income			
Network Services and Systems	**$ 18,918**	$ 13,153	$ 7,551
Wireless Communications	**4,110**	3,412	2,000
Eliminations	**74**	62	75
Total Operating Income	**$ 23,102**	$ 16,627	$ 9,626
Depreciation	**$ 13,335**	$ 12,081	$ 8,584
Construction Expenditures	**$ 8,941**	$ 9,657	$ 15,403
Identifiable Assets (1)	**$ 191,989**	$ 208,308	$ 170,923

(1) Includes intercompany accounts that are eliminated in consolidation of $94,722, $96,446 and $74,154 in 1992, 1991 and 1990, respectively.

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Income

In thousands of dollars, except per share data Years ended December 31,	1992	1991	1990
Revenues and Sales			
Telephone Operations	$567,272	$497,597	$417,520
Telecommunication Services	236,777	215,962	195,474
Total Revenues and Sales	804,049	713,559	612,994
Costs and Expenses			
Operating expenses	448,422	402,344	347,531
Cost of goods sold	21,634	20,620	26,683
Depreciation	114,027	98,548	81,172
Taxes other than income taxes	44,832	43,679	38,279
Total Costs and Expenses	628,915	565,191	493,665
Operating Income	175,134	148,368	119,329
Interest expense	50,066	44,604	53,426
Other income and expense:			
Allowance for funds used during construction	1,309	1,568	2,031
Gain on sale of cellular	—	27,561	533
Other income (expense), net	(14,347)	(10,534)	(5,762)
Income Before Taxes and Extraordinary Items	112,030	122,359	82,705
Income taxes	41,527	47,070	30,770
Income Before Extraordinary Items	70,503	75,289	51,935
Extraordinary items, net of income taxes	(1,072)	3,757	—
Consolidated Net Income	69,431	79,046	51,935
Dividends on preferred stock	1,188	1,189	1,192
Income Applicable to Common Stock	$ 68,243	$ 77,857	$ 50,743
Earnings Per Common Share			
Primary:			
Income before extraordinary items	$ 2.08	$ 2.31	$ 1.71
Extraordinary items	(.03)	.12	—
Earnings Per Common Share—Primary	$ 2.05	$ 2.43	$ 1.71
Fully Diluted:			
Income before extraordinary items	$ 2.07	$ 2.30	$ 1.70
Extraordinary items	(.03)	.12	—
Earnings Per Common Share—Fully Diluted	$ 2.04	$ 2.42	$ 1.70

See accompanying Notes to Consolidated Financial Statements

Consolidated Balance Sheet

In thousands of dollars December 31,	1992	1991	1990
ASSETS			
Current Assets			
Cash and cash equivalents	**$ 69,347**	$ 44,698	$ 22,648
Short-term investments	[illegible]	2,930	7,320
Accounts receivable	**133,973**	121,576	107,090
Material and supplies	**15,892**	19,145	19,819
Prepayments and other	**21,821**	22,607	23,298
Total Current Assets	**241,667**	210,956	180,175
Property, Plant and Equipment			
Telephone plant in service	**1,577,985**	1,508,240	1,182,648
Telephone plant under construction	**36,619**	28,461	27,564
	1,614,604	1,536,701	1,210,212
Less—Accumulated depreciation	**657,682**	594,975	429,995
Net Telephone Plant	**956,922**	941,726	780,217
Telecommunications property	**140,476**	137,365	125,147
Less—Accumulated depreciation	**57,723**	48,005	37,076
Net Telecommunications Property	**82,753**	89,360	88,071
Goodwill	**135,964**	145,360	58,933
Deferred and Other Assets	**96,591**	109,335	91,462
Total Assets	**$1,513,897**	$1,496,737	$1,198,858
LIABILITIES AND SHARE OWNERS' EQUITY			
Current Liabilities			
Accounts payable	**$ 125,518**	$ 100,322	$ [illegible],143
Notes payable	**6,194**	6,010	6,010
Advance billings	**12,546**	12,474	10,648
Dividends payable	**13,462**	12,920	11,430
Long-term debt due within one year	**59,495**	12,284	60,986
Taxes accrued	**11,480**	25,756	22,527
Interest accrued	**16,434**	14,817	9,117
Total Current Liabilities	**245,129**	184,583	197,861
Long-Term Debt	**525,597**	591,232	363,020
Deferred Income Taxes	**118,876**	113,973	148,491
Minority Interests	**2,701**	2,518	1,995
Share Owners' Equity			
Common stock	**33,319**	33,323	30,436
Capital in excess of par value	**174,226**	174,358	93,050
Retained earnings	**391,256**	373,949	343,769
	598,801	581,630	467,255
Less—Treasury stock, at cost	**—**	2	2,575
Common Share Owners' Equity	**598,801**	581,628	464,680
Preferred stock	**22,793**	22,803	22,811
Total Share Owners' Equity	**621,594**	604,431	487,491
Total Liabilities and Share Owners' Equity	**$1,513,897**	$1,496,737	$1,198,858

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

In thousands of dollars Years ended December 31,	1992	1991	1990
Cash Flows from Operating Activities			
Income before extraordinary items	**$ 70,503**	$ 75,289	$ 51,935
Extraordinary items	**(1,072)**	3,757	—
Net income	**69,431**	79,046	51,935
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation and amortization	**121,654**	101,499	82,374
Gain on sale of cellular	**—**	(27,561)	(533)
Extraordinary items	**1,564**	(6,187)	—
Changes in operating assets and liabilities, exclusive of impacts of purchase acquisitions:			
(Increase) decrease in short-term investments	**2,296**	4,390	(7,084)
(Increase) decrease in accounts receivable	**(12,822)**	2,984	(8,372)
(Increase) decrease in material and supplies	**3,253**	1,624	(501)
(Increase) decrease in prepayments and other current assets	**786**	929	(1,231)
(Increase) decrease in deferred and other assets	**301**	(16,126)	(2,480)
Increase (decrease) in accounts payable	**26,692**	6,452	(5,533)
Increase in advance billings	**72**	401	721
Increase (decrease) in accrued interest and taxes	**(3,182)**	8,954	5,413
Increase (decrease) in deferred income taxes	**8,545**	11,663	(275)
Total Adjustments	**149,059**	88,992	62,499
Net Cash Provided by Operating Activities	**218,490**	168,038	114,434
Cash Flows from Investing Activities			
Expenditures for property, plant and equipment, net	**(123,847)**	(108,584)	(108,109)
Investment in cellular	**(665)**	(2,220)	(1,715)
Proceeds from sale of investment securities	**684**		18,914
Proceeds from asset sales	**—**		533
Purchase of companies	**—**	(164,554)	(37,251)
Cash acquired in pooling acquisitions, as of January 1	**—**	-	690
Cash acquired in purchase acquisitions	**—**	614	4,098
Net Cash (Used in) Investing Activities	**(123,828)**	(274,744)	(122,840)
Cash Flows from Financing Activities			
Net increase (decrease) in notes payable	**184**	—	(2,819)
Proceeds from long-term debt	**980**	239,083	38,850
Repayments of long-term debt	**(19,585)**	(62,319)	(28,223)
Dividends paid	**(51,582)**	(47,375)	(45,133)
Purchase of treasury stock	**—**	(625)	(2,575)
Redemptions of preferred stock	**(10)**	(8)	(9)
Retirement of subsidiary common stock	**—**		(24)
Net Cash Provided by (Used in) Financing Activities	**(70,013)**	128,756	(39,933)
Net Increase (Decrease) in Cash and Cash Equivalents	**24,649**	22,050	(48,339)
Cash and Cash Equivalents at Beginning of Year	**44,698**	22,648	70,987
Cash and Cash Equivalents at End of Year	**$ 69,347**	$ 44,698	$ 22,648

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statement of Share Owners' Equity

In thousands of dollars, except share data	1992	1991	1990
Common Stock			
100,000,000 shares authorized, par value $1.00			
Balance, January 1 (shares issued 1992—33,323,165; 1991—30,436,427; 1990—29,073,155)	**$ 33,323**	$ 30,436	$ 72,683
Change in par value	**—**	—	(43,947)
Retirement of treasury stock (1992—63 shares)	**—**	—	—
Other subsidiary acquisitions (1992—4,850 shares; 1991—2,885,000 shares, 1990—1,276,316 shares)	**(5)**	2,885	1,613
Conversion of:			
4¾% Convertible debentures (1992—691 shares; 1991—1,738 shares; 1990—86,956 shares)	**1**	2	87
Balance, December 31 (shares issued 1992—33,318,943; 1991—33,323,165; 1990—30,436,427)	**33,319**	33,323	30,436
Capital in Excess of Par Value			
Balance, January 1	**174,358**	93,050	24,631
Change in par value	**—**	—	43,947
Retirement of treasury stock	**(2)**	—	—
Other subsidiary acquisitions	**(137)**	81,290	23,559
Conversion of:			
4¾% Convertible debentures	**7**	18	913
Balance, December 31	**174,226**	174,358	93,050
Retained Earnings			
Balance, January 1	**373,949**	343,769	335,257
Acquisition of subsidiaries	**—**	—	2,864
Retirement of subsidiary common stock	**—**	—	(24)
Net income	**69,431**	79,046	51,935
Dividends declared in cash:			
Preferred stock at required annual rates	**(1,188)**	(1,189)	(1,192)
Common stock	**(50,936)**	(47,677)	(45,071)
Balance, December 31	**391,256**	373,949	343,769
Less—Treasury Stock, at Cost			
Balance, January 1 (1992—63; 1991—94,800 shares)	**2**	2,575	—
Common shares repurchased for acquisitions (1991—20,600; 1990—94,800)	**—**	625	2,575
Retirement of treasury stock (1992—63)	**(2)**	—	—
Common shares reissued for acquisitions (1991—115,337)	**—**	(3,198)	—
Balance, December 31 (1991—63 shares; 1990—94,800 shares)	**—**	2	2,575
Common Share Owners' Equity	**598,801**	581,628	464,680
Preferred Stock			
Balance, January 1 (shares outstanding 1992—228,025; 1991—228,105; 1990—228,200)	**22,803**	22,811	22,820
Redemptions	**(10)**	(8)	(9)
Balance, December 31 (shares outstanding 1992—227,928; 1991—228,025; 1990—228,105)	**22,793**	22,803	22,811
Total Share Owners' Equity	**$621,594**	$604,431	$487,491

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of Rochester Telephone Corporation and its affiliates (the company) are in conformity with generally accepted accounting principles and, where applicable, conform to the accounting principles as prescribed by federal and various state regulatory bodies.

Consolidation—The consolidated financial information includes the accounts of Rochester Telephone Corporation and its affiliates. The results of operations of Rotelcom Inc., RCI Network Services, Inc., RCI Long Distance, Inc., RCI Long Distance Canada, Ltd., RCI Long Distance New England, Inc., Taconic Long Distance Service Corporation, Rochester Telephone Mobile Communications (RTMC), a partnership in which the company is a general partner with an 85 percent interest, Rochester Telephone Mobile Communications, Inc. and Rochester Tel Cellular Holding Corporation are disclosed in the Consolidated Statement of Income and Business Segment Information under the caption "Telecommunication Services." Intercompany transactions have been eliminated except for intercompany profit on regulated company purchases (affiliate sales) from Telecommunication Services. In the opinion of management, prices charged by Telecommunication Services are comparable to prices the regulated companies would be required to pay other suppliers.

Material and Supplies—Material and supplies are stated at the lower of cost or market, based on weighted average unit cost. The caption "Cost of Goods Sold" relates to Rotelcom and RTMC and includes costs associated with the sale of products.

Telephone Plant—Additions to and replacements of telephone plant are capitalized at original cost, including costs for benefits and supervision applicable to construction labor. The cost of depreciable property units retired, plus removal costs, less salvage is charged to accumulated depreciation. Replacements, renewals and betterments of units of property are capitalized. Replacement of items not considered units of property and all repairs and maintenance are charged to operating expense.

Telecommunications Property—Property is recorded at cost. Improvements that significantly add to productive capacity or extend useful life are capitalized, while maintenance and repairs are expensed. Upon retirement or disposal of assets, the cost and related accumulated depreciation are removed from the accounts and the gain or loss, if any, is reflected in earnings for the period.

Depreciation—Depreciation is computed on the straight-line method using estimated service lives of the various classes of plant.

Goodwill—The excess of the cost of companies purchased over net assets acquired is being amortized on a straight-line basis over 25 to 40 years.

Employees' Service Pensions and Benefits—The company has contributory and non contributory plans providing for service pensions and certain death benefits for substantially all employees. The plans also provide disability pensions and sickness, accident and death benefits (resulting from accidents occurring during employment) for all employees, which are paid and charged to current operating expense. The company's provisions for service pensions and certain death benefits are remitted, at least annually, to the trustees.

Fair Value of Financial Instruments—Cash and cash equivalents are valued at their carrying amounts, which are reasonable estimates of fair value. The fair value of long-term debt is estimated using rates currently available to the company for debt with similar terms and maturities. The fair value of all other financial instruments approximates cost as stated.

Federal Income Taxes—The company files a consolidated federal income tax return.

Tax deferrals resulting from the elimination of gross profit on affiliate sales in the consolidated tax return are recorded by Rotelcom and are amortized to offset income taxes to be paid over the cost recovery periods of telephone plant.

Deferred income taxes are provided by the unregulated operations on items recognized for financial reporting purposes in different periods than are recognized for income tax purposes. Deferred taxes are recorded by regulated operations in compliance with the normalization provisions of current tax law and regulatory orders. The major temporary differences reflected in the deferred tax liability are depreciation and investment tax credits. Excess deferred taxes applicable to Telephone Operations are amortized in compliance with the normalization provisions of current tax law and regulatory orders. This amortization is normalized over the same time period as the related asset generating the deferral.

Deferred income taxes have not been provided by Telephone Operations for flow-through of temporary differences where the regulatory agencies permit only income taxes actually paid to be recognized. At December 31, 1992, the cumulative balance of tax reductions not previously offset by provisions for deferred federal income taxes amounted to $61 million. Similarly, the cumulative balance of tax reductions not previously offset by provision for deferred state income taxes amounted to $34 million at December 31, 1992. A deferred tax liability and a long-term deferred asset have been recorded to reflect the impact applicable to these cumulative reductions and the future revenue to be recovered when these taxes become payable.

In January 1992, the company elected early adoption of the Financial Accounting Standards Board Statement No. 109 (FAS 109), "Accounting for Income Taxes," which supersedes Financial Accounting Standards Board Statement No. 96 (FAS 96) previously used to account for income taxes.

FAS 109 requires the asset and liability method of accounting for income taxes and calls for the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. In prior years, the company used the FAS 96 accounting method that gave little recognition to future events other than the recovery of assets and settlements of liability at their carrying amounts. Due to the implementation of FAS 109, $10.1 million was reclassified from taxes accrued to deferred income taxes. This is the only impact of implementation.

Change in Par Value—In June 1990, the company reduced the par value of its common stock from $2.50 to $1.00.

Allowance for Funds Used During Construction—The company includes in its telephone plant accounts an imputed cost of debt and equity funds used for the construction of telephone plant and credits such amounts to other income. The rates used in determining the allowance for funds used during construction are based on the assumption that construction funds are provided from sources of capital in the same proportion as each telephone company's capital structure. The rates used to calculate the allowance for funds used during construction for companies in Telephone Operations during 1992 ranged from 6.0 percent to 11.96 percent.

Earnings Per Share—Primary earnings applicable to each share of common stock are based on the weighted average number of shares outstanding during each year. The average number of common shares outstanding for each period was: 33,318,952 in 1992, 32,102,724 in 1991 and 29,674,058 in 1990.

Computations of earnings per share on a fully diluted basis are determined by increasing the average outstanding common shares for contingent issuances that would reduce earnings per share. In computing the per share effect of the assumed conversions, convertible debenture interest (net of income taxes) has been added to income applicable to common stock. The number of common shares used to compute earnings per share on a fully diluted basis for each period was 33,582,756 in 1992, 32,367,770 in 1991 and 30,012,364 in 1990.

Cash Flows—For purposes of the Statement of Cash Flows, the company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Actual interest paid was $48.4 million in 1992, $38.9 million in 1991 and $28.3 million in 1990. Actual income taxes paid were $37.2 million in 1992, $36.8 million in 1991 and $27.3 million in 1990.

2. Acquisitions

During 1990 the company acquired thirteen companies. The following were accounted for as poolings of interests: Mt. Pulaski Telephone and Electric Company, St. Croix Telephone Company, Viroqua Telephone Company, Monroeville Telephone Company, The Schuyler Telephone Company and Orion Telephone Exchange Association. The following were accounted for as purchases: Southland Telephone Company, R & A Telephone Company, Inc., ADB, Inc., Fairmount Telephone Company, Inc., Lamar County Telephone Company, Inc., Mid-South Telephone Company, Inc. and Mid-South Cablevision Company, Inc. The purchased companies were included in the consolidated financial statements as of their respective dates of acquisition. A total of 3.6 million shares of common stock and $37.3 million in cash was exchanged for all the outstanding shares of the acquired companies.

During 1991 the company acquired six companies. All acquisitions were accounted for as purchases. Telephone Operations acquired the telephone properties of Northern States Power Company, now named Minot Telephone Company, DePue Telephone Company, the Minnesota telephone properties of Centel Corporation, now named Vista Telephone Company of Minnesota, and the Iowa telephone properties of Centel Corporation, now named Vista Telephone Company of Iowa. Telecommunication Services acquired the assets of the Burlington Telephone Company of Burlington, Vermont and Taconic Long Distance Service Corporation. The purchased companies were included in the consolidated financial statements as of their respective dates of acquisition. A total of 2.9 million original issue shares, 115,000 shares of treasury stock valued at $3.3 million, $164.6 million in cash and certain minority ownership interests in cellular properties were exchanged for the 1991 acquired companies.

The following pro forma summary reflects the results of operations of the company as if the 1991 purchase acquisitions had occurred at the beginning of 1990. Adjustments include amortization of goodwill and increased interest expense on acquisition-related debt, together with related income tax effects. The summary does not include the impact of the non-recurring gain related to the transfer of certain minority interests in cellular partnerships. These pro forma results have been prepared for comparative purposes only and are not necessarily indicative of results that would have been achieved had the transactions been consummated at the beginning of 1990 or of results which may occur in the future.

In thousands of dollars, except per share data	Pro forma (Unaudited) 1991	1990
Total Revenues and Sales	$756,494	$716,232
Consolidated Net Income	$ 62,112	$ 55,417
Earnings Per Common Share—Primary	$ 1.83	$ 1.67

During 1992 the company acquired the Statesboro Telephone Company and accounted for the acquisition as a pooling of interests. Prior years' financial statements have been restated to reflect the accounts and operations of Statesboro. Revenues and net income for the period January 1, 1992 to the acquisition date for Statesboro were $6.1 million and $1.2 million, respectively. A total of 1.5 million shares of common stock was exchanged for all of the outstanding stock of Statesboro.

3. Extraordinary Items

The company's 1991 results were positively impacted by a gain relating to the transfer of cellular properties as part of the acquisition of Centel Corporation's Minnesota telephone operations on June 28, 1991. A portion of the gain relating to the sale of certain cellular properties acquired within two years prior to the sale is reflected as an extraordinary gain of $3.8 million (net of taxes of $2.4 million) with the remainder recorded as an ordinary gain.

On December 14, 1992, the Executive Committee of the Board of Directors approved the refinancing of the $40 million Series H, 9 1/2% first mortgage bonds. The company recorded a charge of $1.1 million (net of taxes of $.5 million) in 1992 relating to the write-off of the call premium, the remaining initial discount and associated expenses of the transaction. The bonds were retired in January 1993 using internally generated cash and the private placement of $35 million of debt at a telephone subsidiary.

4. Stock Option Plan

In 1992 the company implemented a Directors Stock Option Plan and an Executive Stock Option Plan to issue company common stock. The plans, which were approved by share owners in 1990, are authorized to issue a maximum of 400,000 shares of common stock over a ten-year period.

In August 1992, the Directors Stock Option Plan issued 11,000 options to eleven director participants at an exercise price of $31.38. The Executive Stock Option Plan issued 37,200 options to certain management participants at exercise prices of $31.38 and $31.50 in the fourth quarter of 1992. Under both plans, the exercise price is the fair market value of the stock on the date of issuance. One third of the options becomes exercisable on the first year anniversary of the issue date. Another third becomes exercisable on the second year anniversary and the final third becomes exercisable on the third year anniversary of the issue date. The options expire ten years after the date of issue.

5. Preferred Stock (Cumulative)—Par Value $100

In thousands of dollars, except share data	1992	1991	1990
Rochester Telephone Corporation—850,000 shares authorized			
5.00% Series—redeemable at $101 per share			
Shares Outstanding	100,000	100,000	100,000
Amount Outstanding	$ 10,000	$ 10,000	$ 10,000
5.65% Series—redeemable at $101 per share			
Shares Outstanding	50,000	50,000	50,000
Amount Outstanding	$ 5,000	$ 5,000	$ 5,000
4.60% Series—redeemable at $101 per share			
Shares Outstanding	50,000	50,000	50,000
Amount Outstanding	$ 5,000	$ 5,000	$ 5,000
Highland Telephone Company—40,000 shares authorized			
5.875% Series A—redeemable at par			
Shares Outstanding	18,694	18,694	18,694
Amount Outstanding	$ 1,869	$ 1,869	$ 1,869
7.80% Series B—redeemable at $100.90–$105.00 per share			
Shares Outstanding	6,480	6,560	6,640
Amount Outstanding	$ 648	$ 656	$ 664
AuSable Valley Telephone Company, Inc.—4,000 shares authorized			
5.50% Series—redeemable at par			
Shares Outstanding	2,754	2,754	2,754
Amount Outstanding	$ 276	$ 276	$ 276
Seneca-Gorham Telephone Corporation—2,500 shares authorized			
5.00% Series—redeemable at par			
Shares Outstanding	—	17	17
Amount Outstanding	$ —	$ 2	$ 2
Total Shares Outstanding	227,928	228,025	228,105
Total Amount Outstanding	$ 22,793	$ 22,803	$ 22,811

6. Long-Term Debt

In thousands of dollars At December 31,	1992	1991	1990
First Mortgage Bonds			
Series D, 5%, due January 1, 1991	$ —	$	$ 10,000
Series E, 4⅝%, due September 1, 1993	12,000	12,000	12,000
Series F, 4⅝%, due May 1, 1994	18,000	18,000	18,000
Series G, 7¾%, due March 1, 2001	30,000	30,000	30,000
Series H, 9⅝%, due March 1, 2005	40,000(a)	40,000	40,000
Rural Electrification Administration debt, 2%—11.3% due 1991 to 2006	85,049	88,349	89,358
Other debt issued by affiliates, 7.5%—12⅜%, due 1991 to 2006	15,840	24,946	26,379
	200,888(b)	213,295	225,737
Debentures			
4⅜% Convertible, due March 1, 1994	137(c)	145	165
10.46% Convertible, due October 27, 2008	5,300(d)	5,300	5,300
9%, due January 1, 2020	100,000	100,000	100,000
9%, due August 15, 2021	100,000	100,000	—
	205,437	205,445	105,465
Medium-Term Notes, 8.77%–9.30%, due 1991 to 2004	179,000	179,000	79,000
Revolving Credit and Term Loan Agreement	3,200(e)	9,400	15,400
Sub-total	586,525(f)	607,140	425,602
Less—Discount on long-term debt, net of premium	3,433	3,624	1,596
Current portion of long term debt	59,495	12,284	60,986
Total Long-Term Debt	$525,597(g)	$591,232	$363,020

(a) In December 1992, the company entered into an agreement to repurchase its Series H $40 million, 9⅝%, First Mortgage Bonds on January 15, 1993. The bonds were originally due March 1, 2005. As such, these bonds have been reclassified from long term to short term at December 31, 1992. (See Note 3.)

(b) Certain assets of Telephone Operations are pledged as security for Mortgage Bonds, Rural Electrification Administration debt and other debt.

(c) In December 1992, the company called its 4⅞% convertible debentures. As such, they have been reclassified from long-term to short-term at December 31, 1992. The redemption of these debentures occurred in January 1993. Prior to redemption, debentures were convertible at any time into common stock at $11.50 per share subject to certain adjustments. During 1992, 1991 and 1990, $8,000, $20,000 and $1,000,000 face value of debentures were converted into 691, 1,738 and 86,956 shares of common stock, respectively.

(d) The debenture is convertible into common stock at any time after October 26, 1998 for $21.075 per share. A total of 251,483 shares of common stock are reserved for such conversion.

(e) RCI Network Services, Inc. and RCI Long Distance, Inc. have a Revolving Credit and Term Loan Agreement with two commercial banks. The outstanding principal of $3.2 million is being repaid in semi-annual installments, the final installment being due in June 1993. The loan's interest rate is the six month London Interbank Offered Rate plus three-quarters of one percent and is secured via a pledge of certain assets of these companies with a book value of $23 million. The interest rate on borrowings at December 31, 1992 was 4.81 percent.

In addition, in 198[illegible], RCI Network Services, Inc. entered into an interest exchange agreement with a commercial bank which fixes the interest rate on the borrowings at 12.13 percent. As of December 31, 1992, the interest exchange agreement had a fair value of $.5 million, determined by estimating the current amount that the company would pay upon termination of the exchange agreement.

Both agreements contain certain restrictive covenants including restrictions relating to dividend payments, capital expenditures, working capital, tangible net worth and interest coverage. These agreements are not guaranteed by the parent.

(f) In accordance with Financial Accounting Standards Board Statement No. 107, "Disclosures about Fair Value of Financial Instruments," the company estimates that the fair value of the debt, based on rates currently available to the company for debt with similar terms and remaining maturities, is $624.7 million.

(g) In September 1992, the company entered into an interest rate swap agreement with a financial institution to convert $100 million of its fixed rate debt to a floating rate determined by the six month London Interbank Offered Rate. The differential to be paid or received is accrued as an adjustment to interest expense and is amortized over the term of the agreement of 364 days. The settlement of the transaction is not expected to have a material adverse effect on the company's financial position or results of operations. At December 31, 1992, the swap had an approximate fair value of $1.9 million which was determined by estimating the amount that the company would pay to terminate the swap agreement considering current interest rates.

At December 31, 1992, aggregate debt maturities were

In thousands of dollars	1993	1994	1995	1996	1997
	$59,49[illegible]	$22,193	$4,324	$8,176	$5,924

7. Notes Payable and Lines of Credit

At December 31, the company had outstanding notes payable as follows:

In thousands of dollars	Amount	Interest Rate
1990	$6,010	7.00%–8.88%
1991	$6,010	5.56%–7.00%
1992	$6,194	4.00%–9.00%

Also at December 31, 1992, the Rochester company has $50 million of unused bank lines of credit, which are available to provide support for commercial paper borrowings. These lines of credit are available for general Corporate purposes. No compensating balances are required. The commitment fees are not material. Also, Highland Telephone Company has an agreement for an unsecured line of credit of $8 million. No fees or compensating balances are required.

Several of the subsidiaries have approved but unadvanced Rural Electrification Administration funds totaling $11.5 million. The funds are subject to certain restrictions as to their use, and the approvals expire between 1994 and 20[illegible].

8. Income Taxes

The provision for income taxes consists of the following:

In thousands of dollars	1992	1991	1990
Federal:			
Current	**$28,394**	$31,051	$[illegible]414
Deferred	**8,253**	9,522	[illegible]
	36,647	40,573	[illegible]
State:			
Current	**4,663**	5,543	[illegible]
Deferred	**217**	954	[illegible]
	4,880	6,497	[illegible]
Total income taxes	**$41,527**	$47,070	[illegible]

The reconciliation of the federal statutory income tax rate with the effective income tax rate reflected in the financial statements is as follows:

In thousands of dollars	1992		1991		1990	
Federal income tax expense at statutory rate	**$36,431**	**34.0%**	$39,393	34.0%	[illegible]	34.0%
Accelerated depreciation	**2,415**	**2.3**	2,660	2.3	[illegible]	[illegible]
Investment tax credit	**(2,223)**	**(2.1)**	(2,652)	(2.3)	[illegible]	[illegible]
Miscellaneous	**24**	**—**	1,172	1.0	[illegible]	[illegible]
Total federal income tax	**$36,647**	**34.2%**	$40,573	35.0%	[illegible]	[illegible]

Deferred tax liabilities (assets) are comprised of the following at December 31:

In thousands of dollars	1992
Accelerated depreciation	$ 152,230
Investment tax credit	8,047
Ice storm costs deferred	1,710
Miscellaneous	8,427
Gross deferred tax liabilities	170,414
Basis adjustment—purchased telephone companies	(45,368)
Inventory reserves	(883)
Deferred compensation	(1,081)
Other	(4,206)
Gross deferred tax assets	(51,538)
Total Deferred Income Taxes	$ 118,876

Gross profit on affiliate sales to telephone companies is deferred by Telecommunication Services and is amortized to offset income taxes to be paid over the cost recovery periods of the telephone plant. The amortization of gross profit deferred in prior years exceeded current year deferrals by $927,000 in 1992, $1,355,000 in 1991, and $2,439,000 in 1990 resulting in deferred tax reversals of $31[illegible],000, $461,000 and $827,000, respectively.

9. Employees' Service Pensions and Benefits

The company, through various contributory and non-contributory defined benefit pension plans, provides retirement benefits for substantially all employees. Benefits, in general, are based on years of service and average salary.

The plans' funded status is as follows:

In thousands of dollars December 31	1992	1991	1990
Actuarial present value of benefit obligations:			
Vested benefit obligation	$243,307	$227,317	$206,252
Accumulated benefit obligation	$257,893	$242,464	$230,090
Plan assets at fair value, primarily fixed income securities and common stock	$370,711	$351,498	$2[illegible]
Projected benefit obligation	316,335	304,730	280,14[illegible]
Funded status	54,376	46,768	(5,245)
Unrecognized net (gain) loss	(42,572)	(40,247)	5,216
Unrecognized net transition asset	(4,941)	(6,512)	(6,714)
Unrecognized prior service cost	7,071	12,554	10,072
Pension asset included in Consolidated Balance Sheet	$ 13,534	$ 12,563	$ 3,329

The net periodic pension cost consists of the following:

In thousands of dollars Year Ended December 31	1992	1991	1990
Service cost—benefits earned during the period	$ 7,033	$ 5,464	$ 7,369
Interest cost on projected benefit obligation	23,123	21,702	20,019
Actual return on plan assets (increase) decrease	(24,860)	(63,059)	11,238
Net amortization and deferral	(9,033)	37,006	(37,343)
Net periodic pension cost determined under FAS 87	(3,737)	1,113	1,283
Amount expensed due to regulatory agency actions	6,787	2,223	2,590
Net periodic pension cost recognized	$ 3,050	$ 3,336	$ 3,873

The projected benefit obligation at December 31, 1992 was determined using an assumed weighted average discount rate of 7.7 percent and an assumed weighted average rate of increase in future compensation levels of 5.2 percent. The weighted average expected long-term rate of return on plan assets was assumed to be 9.4 percent. The unrecognized net transition asset as of January 1, 1987 is being amortized over the estimated remaining service lives of employees, ranging from 12 to 26 years.

The company's funding policy is to make contributions for pension benefits based on actuarial computations which reflect the long-term nature of the pension plan. However, under Financial Accounting Standards Board Statement No. 87 (FAS 87), "Employers' Accounting for Pensions," the development of the projected benefit obligation essentially is computed for financial reporting purposes and may differ from the actuarial determination for funding due to varying assumptions and methods of computation.

During 1992, 1991 and 1990, the company funded $4.8 million, $4.0 million and $4.4 million, respectively, for employees' service pensions and certain death benefits.

The company also sponsors a number of defined contribution plans. The most significant plan covers substantially all management employees, who make contributions via payroll deduction. The company matches 75 percent of that contribution up to 6 percent of gross compensation. Total cost recognized for all defined contribution plans during 1992 was $4.1 million.

During 1990 the company offered certain Rochester Telephone Corporation Management Pension Plan participants an early retirement incentive which included an increase in both years of service and age in determining benefits, as well as a 10 percent one-time supplement to benefits for five years or until age 65, whichever is earlier. Accordingly, pension costs for the fourth quarter of 1990 include a one-time charge of $1.9 million. Payments will be made from pension plan assets.

On November 30, 1992, a voluntary pension incentive plan was offered to Rochester Tel employees who were pension eligible and retired on or before December 31, 1992. A 7.5 percent additional pension benefit will supplement the normal pension benefit for up to five years or until age 65, whichever is earlier. Accordingly, pension costs for the fourth quarter of 1992 include a one-time charge of $.8 million. Payments will be made from pension plan assets.

10. Postretirement Life and Health Benefits

In addition to providing pension benefits, the company provides health care and life insurance benefits for retired employees. Substantially all of the company's employees may become eligible for those benefits if they reach normal retirement age while working for the company. For the Rochester company, the [illegible] insurance benefit for employees who were retired or pension eligible on September 1, 1981 is provided through a Retirement [illegible] Reserve that became fully funded in 1982. With this exception the health care and life insurance benefits for both the 4,7[illegible] active employees and the 1,714 retired employees at December 31, 1992 are provided through insurance companies whose premiums are based on the benefits paid during the year. Through December 31, 1992, the company recognizes the cost of providing those benefits by expensing the portion of the insurance premiums it paid during the year, which was $14.0 million for 1992, $12.0 million for 1991 and $1[illegible].8 million for 1990.

In December 1990, the [illegible] Financial Accounting Standards Board issued Statement No. 106 (FAS 106), "Employers' Accounting for Postretirement Benefits Other Than Pensions," which was implemented by the company on January 1, 1993. FAS 106 requires that projected future costs of providing postretirement benefits, such as health care and life insurance, be recognized as an expense as employees render service instead of when the benefits are paid. Through December 31, 1992 the company recognized the cost of providing postretirement benefits on a pay-as-you-go basis, expensing the costs of postretirement medical insurance premiums and other postretirement benefits in the year paid. The company's accumulated postretirement benefit obligation is $126.9 million at January 1, 1993. If the delayed recognition of the [illegible] obligation method of adoption is selected, the company estimates that its annual postretirement benefit expense computed in accordance with FAS 106, will be approximately $[illegible] million versus pay as you go expense of $4.[illegible] million. If the immediate recognition method is adopted, the annual expense will be approximately $12.3 million. The accounting method adopted will be influenced by the rate-making treatment as prescribed for the company's regulated telephone operations by federal and state regulatory agencies. The new rules will not negatively impact the company's [illegible] (or its funding strategy) relating to retiree benefits.

11. Postemployment Benefits

In 1992 the Financial Accounting Standards Board released Statement No. 112, "Employers' Accounting for Postemployment Benefits" (FAS [illegible]), which is required to be implemented by [illegible]. FAS 112 requires that projected future costs of providing postemployment benefits prior to retirement, such as disability and severance pay, be recognized as an expense as employees render service rather than when the benefits are paid.

The company has not yet decided when it will adopt the new standard or determined the effect that its adoption will have on its financial position and results of operations.

12. Leases and License Agreements

The company leases buildings, land, office space, fiber optic network, computer hardware and other equipment, and has license agreements for rights of way for construction and operation of a fiber optic communications system. Total rental expense amounted to $16.[illegible] million [illegible], $15.4 million in 1991 and $1[illegible] million in 1[illegible].

Minimum annual rental commitments under non cancellable leases and license agreements in effect on December 31, 1992 were as follows:

In thousands of dollars	Non-Cancellable Leases		License
Years	Buildings	Equipment	Agreements
1993	$ 8,350	$ 6,930	$ 6,541
1994	7,663	6,020	6,370
1995	6,926	5,239	6,364
1996	6,495	3,546	6,550
1997	6,764	907	6,512
1998 and thereafter	30,955	—	44,324
Total	$67,151	$22,642	$76,661

13. Business Segment Information

Revenues and sales, operating income, depreciation, construction expenditures and identifiable assets by business segment are set forth in the Business Segment Information included on page 30 of this report.

14. Commitments and Contingencies

In 1984 the New York State Public Service Commission (NYSPSC) initiated a proceeding to investigate the appropriateness of royalty payments from the subsidiaries to Rochester Telephone Corporation for the alleged benefit affiliates gain from using the Rochester Tel name. Prefiled testimony, hearings and briefs were submitted and concluded in the royalty proceeding during 1985. On August 13, 1985, the Administrative Law Judge, in his Recommended Decision, concurred with the royalty concept and indicated that further investigation was necessary to quantify the payment amounts. The royalty proceedings were reopened on May 2, 1990. The company filed a motion for a rehearing of the NYSPSC's May 2, 1990 order reopening the hearings, but the NYSPSC declined to reverse its determination that it possessed the authority to impose a royalty. Nevertheless, the NYSPSC stated that its May 2 order was not final for purposes of judicial review, and it provided additional guidance to the Administrative Law Judge on the scope of hearings on remand. In testimony filed on December 7, 1990, the NYSPSC Staff requested the NYSPSC impose a royalty in the amount of approximately $11 million per year. The State Consumer Protection Board advocated a royalty of approximately $14 million per year. These amounts would be treated as an offset to the Rochester company's regulated revenue requirement for ratemaking purposes. On January 15, 1991, the company filed its direct testimony in which it disputed both the justifications for and quantification of the royalty proposals. The Administrative Law Judge released a Recommended Decision on February 3, 1992. Although the Judge concluded that a royalty could be justified as a result of the use of the Rochester Tel name and reputation by Rochester's unregulated subsidiaries, she concluded that the royalty proponents failed to quantify the amount of the royalty. The Judge has recommended that no specific royalty be imposed at this time. In addition, the Judge concluded that the Commission should condition future investments in activities other than Rochester Telephone operations on the payment to ratepayers of a small percentage of the amount of such investments. The Judge also concluded that the quantification of this amount was premature. This matter will now proceed to the Commission for decision. Although the company believes that the royalty proposals are without merit, it is unable to predict the outcome of this proceeding at this time.

On May 1, 1992, Rochester Tel announced that it will acquire a 70 percent majority ownership of the Utica-Rome Cellular Partnership (URCP) operating in the Utica-Rome, New York Metropolitan Service Area (MSA) serving Oneida and Herkimer counties. The remaining 30 percent will continue to be owned by NYNEX Mobile Communications Company. The transaction will be a series of four mergers resulting in a stock-for-stock, tax-free exchange subject to regulatory approvals, and is anticipated to be finalized in the first quarter of 1993. The total market population units (POPS) associated with this MSA are approximately 317,000.

On September 21, 1992, Rochester Tel and NYNEX Mobile Communications Company signed a letter of intent to form a cellular supersystem joint venture in upstate and western New York State that will provide cellular telephone customers with expanded geographic coverage. The supersystem will include the cellular markets in Buffalo, Rochester, Syracuse, Utica-Rome and New York Rural Service Area #1, which includes Jefferson, St. Lawrence and Lewis counties. The proposed structure of the transaction is a 50/50 joint venture partnership with Rochester Tel Cellular as the manager. The transaction is expected to close in the second half of 1993, subject to various governmental approvals and third party consents.

On September 30, 1992, the company announced its intent to sell the stock of S&A Telephone Company, its only telephone company in Kansas, and the stock of ADB, Inc. which holds cellular interests in a Topeka, Kansas cellular partnership. S&A Telephone Company is a local exchange telephone company that serves approximately 800 access lines in Scranton and Allen, Kansas. ADB, Inc. holds a 13 percent interest as a limited partner in the Topeka Cellular Partnership, in Topeka, Kansas. The transaction is expected to be completed in the second quarter of 1993, subject to appropriate regulatory approvals, and is not expected to have a material impact on the company's financial position and results of operations.

On December 17, 1992, the company announced its intent to acquire Mid Atlantic Telecom, Inc., (Mid Atlantic) based in Washington, D.C. in a stock-for-stock exchange. Mid Atlantic is a full service interexchange carrier providing long distance telecommunications services in a six state region in the central Mid-Atlantic area. The acquisition, which is expected to close in the first half of 1993, is subject to certain regulatory approvals.

At December 31, 1992, it is anticipated that Telephone Operations and Telecommunication Services will expend $79.5 million and $11.7 million, respectively, for additions to property, plant and equipment during 1993. In connection with this construction program, certain commitments for the purchase of material and equipment have been made.

15. Interim Data (Unaudited)

Selected quarterly data follow

(In thousands of dollars, except per share data)		Revenues and Sales: Telecommunication Services	Telephone Operations	Total	Income: Operating Income	Net Income	Per Share: Earnings Before Extraordinary Items	Earnings	Market Price: High	Low
1992	First Quarter	**$ 55,802**	**$137,708**	**$193,510**	**$ 40,412**	**$ 15,291**	**$ .45**	**$ .45**	**$34.00**	**$30.13**
	Second Quarter	**57,801**	**140,677**	**198,478**	**43,176**	**16,518**	**.49**	**.49**	**$33.75**	**$29.13**
	Third Quarter	**59,478**	**142,116**	**201,594**	**46,118**	**18,448**	**.54**	**.54**	**$32.88**	**$30.25**
	Fourth Quarter	**63,696**	**146,771**	**210,467**	**45,428**	**19,174**[1]	**.60**	**.57**	**$35.75**	**$30.63**
	Full Year	**$236,777**	**$567,272**	**$804,049**	**$175,134**	**$ 69,431**	**$2.08**	**$2.05**		
1991	First Quarter	$ 52,865	$ 109,517	$ 162,382	$ 32,651	$ 13,327	$ .43	$ .43	[illegible]	$26.00
	Second Quarter	52,122	114,639	166,761	34,008	31,900[2]	.90	1.02	[illegible]	$29.00
	Third Quarter	54,875	131,690	186,565	39,069	16,384[3]	.47	.48	[illegible]	$28.25
	Fourth Quarter	56,100	141,751	197,851	42,640	17,435	[illegible]	[illegible]	[illegible]	$29.75
	Full Year	$ 215,962	$ 497,597	$ 713,559	$ 148,368	$ 79,046	[illegible]	[illegible]		
1990	First Quarter	$ 49,767	$ 100,041	$ 149,808	$ 28,404	$ 12,877	[illegible]	[illegible]	[illegible]	$29.38
	Second Quarter	46,750	101,692	148,442	27,647	12,520	.41	.41	[illegible]	$31.50
	Third Quarter	47,861	105,559	153,420	30,500	13,008	.43	.43	[illegible]	$25.00
	Fourth Quarter	51,096	110,228	161,324	32,778	13,537	.44	.44	[illegible]	$24.63
	Full Year	$ 195,474	$ 417,520	$ 612,994	$ 119,329	$ 51,935	[illegible]	[illegible]		

(1) *Includes extraordinary loss on retirement of debt of $1.1 million. (See Note 3.)*
(2) *Includes ordinary and extraordinary gain on sale of cellular, net of taxes, of $18.7 million. (See Note 3.)*
(3) *Includes ordinary and extraordinary gain on sale of cellular, net of taxes, of $.8 million. (See Note 3.)*

Condensed Six-Year Financial Statements

In thousands of dollars, except per share data Years ended December 31,	1992	1991	1990	1989	1988	1987
CONSOLIDATED STATEMENT OF INCOME						
Revenues and sales	**$ 804,049**	$ 713,559	$ 612,994	$ 590,345	$515,803	$497,625
Costs and expenses	**628,915**	565,191	493,665	474,867	403,803	397,182
Operating Income	**175,134**	148,368	119,329	115,478	112,000	100,443
Interest expense	**50,066**	44,604	33,426	27,510	25,387	22,998
Other income and expense	**(13,038)**	18,595	(3,198)	(2,755)	970	(2,657)
Income taxes	**41,527**	47,070	30,770	27,827	29,016	32,910
Income Before Extraordinary Items and Cumulative Effect of Change in Accounting Principle	**70,503**	75,289	51,935	57,386	58,567	41,878
Extraordinary item	**(1,072)**	3,757	—	26,558	—	—
Cumulative effect of change in accounting principle	**—**	—	—	—	—	5,733
Consolidated Net Income	**69,431**	79,046	51,935	83,944	58,567	47,611
Dividends on preferred stock	**1,188**	1,189	1,192	1,195	1,200	1,203
Income Applicable to Common Stock	**$ 68,243**	$ 77,857	$ 50,743	$ 82,749	$ 57,367	$ 46,408
Earnings Per Common Share:						
Primary	**$ 2.05**	$ 2.43	$ 1.71	$ 2.86	$ 2.00	$ 1.63
Fully diluted	**$ 2.04**	$ 2.42	$ 1.70	$ 2.83	$ 1.99	$ 1.63
CONSOLIDATED BALANCE SHEET						
Current assets	**$ 241,667**	$ 210,956	$ 189,175	$ 220,089	$143,022	$155,718
Property, plant and equipment, net	**1,039,675**	1,031,086	868,288	795,940	745,829	706,165
Goodwill	**135,964**	145,360	58,933	19,521	13,134	2,310
Deferred and other assets	**96,591**	109,335	91,462	86,597	73,978	78,072
Total Assets	**$1,513,897**	$1,496,737	$1,198,858	$1,122,147	$975,963	$942,265
Current liabilities	**$ 245,129**	$ 184,583	$ 197,861	$ 161,572	$159,260	$130,973
Long-term debt	**525,597**	591,232	363,020	354,302	272,691	305,752
Deferred income taxes	**118,876**	113,973	148,491	150,879	139,722	128,152
Minority interests	**2,701**	2,518	1,995	3		—
Share owners' equity	**621,594**	604,431	487,491	455,391	404,290	377,388
Total Liabilities and Share Owners' Equity	**$1,513,897**	$1,496,737	$1,198,858	$1,122,147	$975,963	$942,265
CONSOLIDATED STATEMENT OF CASH FLOWS						
Cash flows from operating activities	**$ 218,490**	$ 168,038	$ 114,434	$ 100,681	$138,149	$104,262
Cash flows from investing activities	**(123,828)**	(274,744)	(122,840)	(72,229)	(90,973)	(110,783)
Cash flows from financing activities	**(70,013)**	128,756	(39,933)	21,008	(62,621)	17,109
Net Increase (Decrease) in Cash and Cash Equivalents	**$ 24,649**	$ 22,050	$ (48,339)	$ 49,460	$ (15,445)	$ 10,588

Financial and Operating Statistics

Dollars in thousands, except per share data

Years ended December 31	1992	1991	1990	1989	1988	198
Current ratio	**.99**	1.13	.90	1.36	.90	**1.1**
Pre-tax interest coverage	**3.2x**	3.9x	3.5x	5.6x	4.7x	**4.5**
Total debt	**$ 591,298**	$609,526	$430,016	$389,894	$313,654	**$320,36**
Debt ratio	**48.8%**	50.2%	46.9%	46.1%	43.7%	**45.9**
Common share owners' equity	**$ 598,801**	$581,628	$464,680	$432,571	[illegible]	**$354,45**
Rate of return on average common equity	**11.6%**	14.9%	11.3%	20.3%	15.6%	**13.4**
Gross construction	**$ 123,871**	$110,889	$109,219	[illegible]	$114,149	**$112,81**
Percent of funds generated internally	**133%**	109%	63%	90%	91%	**65**
Common shares outstanding—end of year*	**33,319**	33,323	30,342	29,073	28,733	**28,35**
Average common shares outstanding*	**33,319**	32,103	29,674	28,966	[illegible]	**28,44**
Total number of common share owners	**20,131**	13,900	[illegible]	[illegible]	[illegible]	**16,35**
Market price per common share:						
High	**$ 35.75**	$ 34.00	$ 41.50	$ 45.75	$ 25.69	**$ 24.8**
Low	**$ 29.13**	$ 26.00	$ 24.63	$ 25.69	$ 20.31	**$ 18.5**
End of year	**$ 35.63**	$ 32.13	$ 29.25	$ 40.50	$ 25.63	**$ 21.1**
Dividends declared per common share	**$ 1.550**	$ 1.510	$ 1.470	$ 1.430	$ 1.375	**$ 1.33**
Dividends paid per common share	**$ 1.540**	$ 1.500	$ 1.460	$ 1.420	$ 1.360	**$ 1.32**
Dividend yield—end of year	**4.4%**	4.8%	5.1%	3.6%	5.5%	**6.4%**
Percent to total Telephone Operations revenues:						
Local service	**38%**	37%	37%	36%	36%	**40%**
Network access service	**36%**	34%	31%	28%	31%	**30%**
Long distance network service	**5%**	7%	9%	[illegible]	10%	**10%**
Miscellaneous/uncollectibles	**21%**	22%	23%	24%	23%	**20%**
Percent to total Telecommunication Services sales:						
Network Services and Systems	**91%**	92%	94%	[illegible]	92%	**93%**
Wireless Communications	**9%**	8%	6%	[illegible]	8%	**7%**
Operating margin—Telephone Operations	**26.8%**	26.5%	26.3%	[illegible]	[illegible]	**31.4%**
Operating margin—Telecommunication Services	**9.8%**	7.7%	4.9%	[illegible]	[illegible]	**(4.7%**
Composite depreciation rate—Telephone Operations	**6.4%**	6.3%	6.3%	5.8%	6.2%	**6.6%**
Composite depreciation rate—Telecommunication Services	**9.6%**	9.2%	7.7%	8.7%	8.5%	**8.6%**
Access lines in service—business	**238,353**	226,651	181,876	167,583	155,473	**143,057**
Access lines in service—residence	**657,618**	641,236	506,812	[illegible]	462,209	**438,648**
Total access lines in service	**895,971**	867,887	688,688	644,994	617,682	**581,705**
Telephone Operations employees	**3,885**	3,915	3,251	3,020	2,940	**2,854**
Telecommunication Services employees	**816**	747	750	914	873	**789**
Total employees	**4,701**	4,662	4,001	3,934	3,813	**3,643**
Carrier access minutes—interstate*	**1,890,670**	1,569,309	1,233,045	1,140,081	1,019,451	**913,707**
Carrier access minutes—intrastate*	**1,369,204**	1,173,685	901,376	783,151	706,766	**632,698**
Total carrier access minutes*	**3,259,874**	2,742,994	2,134,421	1,923,232	1,726,217	**1,546,405**
IntraLATA toll messages*	**77,034**	73,854	69,262	66,487	54,339	**51,328**

**In thousands*

Selected Financial and Operating Data

(Dollars in millions, except per share amounts)	1992	1991*	1990*	1989*	1988
Operating revenues	$13,155	$13,229	$13,582	$13,195	$12,650
Operating expenses	$10,628	$11,639	$11,567	$11,439	$10,390
Interest expense	$ 685	$ 726	$ 700	$ 651	$ 621
Net income	$ 1,311	$ 601	$ 949	$ 808	$ 1,315
Earnings per share	$ 6.40	$ 2.98	$ 4.78	$ 4.10	$ 6.63
Dividends per share	$ 4.64	$ 4.56	$ 4.56	$ 4.36	$ 4.04
Property, plant and equipment—net	$19,973	$19,915	$19,729	$19,465	$19,289
Total assets	$27,714	$27,503	$26,651	$25,909	$25,362
Long-term debt	$ 7,018	$ 6,833	$ 6,945	$ 6,465	$ 6,242
Stockholders' equity	$ 9,724	$ 9,120	$ 9,149	$ 9,369	$ 9,420
Book value per share	$ 47.01	$ 44.76	$ 45.72	$ 47.55	$ 47.83
Capital expenditures'	$ 2,450	$ 2,499	$ 2,493	$ 2,421	$ 2,784
Ratio of earnings to fixed charges'	3.34	1.93	2.60	2.33	3.28
Network access lines in service*	15.7	15.4	15.3	14.9	14.8

' *Excludes additions under capital lease obligations and the equity component of allowance for funds used during construction.*

' *For the purpose of this ratio: (i) earnings have been calculated by adding to Earnings before Interest expense and Income taxes the estimated interest portion of rentals, and (ii) fixed charges are comprised of Interest expense and the estimated interest portion of rentals.*

' *Network access lines in service have been restated for retroactive adjustments to the in-service base. This restatement has no impact on past or future revenues.*

* *See Management's Discussion and Analysis of Financial Condition and Results of Operations for the effect of Organizational Restructuring on 1991 and 1990 results of operations. Results of operations for 1989 include $510 million of pretax ($325 million after-tax) restructuring charges.*

Report of Independent Accountants

To the Stockholders and Board of Directors of NYNEX Corporation.

We have audited the accompanying consolidated balance sheets of NYNEX Corporation and its subsidiaries as of December 31, 1992 and 1991, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1992. These consolidated financial statements are the responsibility of NYNEX Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of NYNEX Corporation and its subsidiaries as of December 31, 1992 and 1991, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1992, in conformity with generally accepted accounting principles.

Coopers + Lybrand

Coopers & Lybrand
New York, New York
February 5, 1993